

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA	)	CRIMINAL NO.
)	
-v-	)	Count 1: Conspiracy
	)	(18 U.S.C. § 371)
ROBERT LEE NEAL, JR. and)	
FRANCIS DELANO JONES, JR.,	)	Count 2-4: Extortion
	)	(18 U.S.C. § 1951)
Defendants)	
	)	Count 5: Conspiracy to commit
	)	money laundering
	)	(18 U.S.C. § 1956(h))
)	
	)	Count 6: Money laundering
	)	(18 U.S.C. § 1956(a)(2)(B)(i))
)	
	)	Counts 7-11: False statements
	)	(18 U.S.C. §1001(a)(1-3))
)	
	)	Count 12: Conspiracy
	)	(18 U.S.C. § 371)

JANUARY 2003 TERM - AT ALEXANDRIA

INDICTMENT

THE GRAND JURY CHARGES THAT:

Introductory allegations

At all times material to this indictment, or as specified below:

1. Defendant ROBERT LEE NEAL, Jr. (“NEAL”) was the Director of the Office of Small and Disadvantaged Business Utilization (“SADBU”) within the Department of Defense (“DoD” or “The Pentagon”). NEAL held his position as Director of SADBU from about June, 1996, until about June 13, 2001. As the Director of SADBU, NEAL was a Senior Executive Service (“SES”) Level 5, and a political appointee. Immediately prior to his employment at SADBU, NEAL worked at the General Services Administration (“GSA”).
2. Defendant FRANCIS DELANO JONES (“JONES”) was NEAL’s Executive Assistant at SADBU from in or about May 1999 until about January 19, 2001. JONES was selected for this SES Level 1 position by NEAL. Immediately prior to JONES’s employment at SADBU, JONES worked at GSA for approximately nine years in contract administration. Prior to the time JONES left GSA for DoD, JONES’s position at GSA was Deputy Director for National Federal Acquisition Services for Technology (National FAST).
3. NEAL and JONES were “public officials” within the meaning of 18 U.S.C. § 201(a)(1). After they had left the employment of DoD, NEAL and JONES were “former public officials” within the meaning of 18 U.S.C. § 201(c)(1)(A) and (B).
4. During their respective tenures at DoD, NEAL and JONES worked at DoD offices located in Arlington, Virginia. During his tenure at GSA, JONES worked at GSA offices located in Falls Church, Virginia.

5. By virtue of their respective official positions within both DoD and GSA, NEAL and JONES exerted tremendous influence over certain individuals and companies seeking to participate in acquisition preference programs administered by DoD and GSA.

Relevant DoD offices and programs:

6. SADBUD was that office within DoD chiefly responsible for the administration of acquisition preference programs within DoD. The acquisition preference programs administered by SADBUD included:
 - a. The DoD Pilot Mentor Protege program (“the Mentor Protege program”): the purpose of the Mentor Protege program was to encourage major DoD contractors, through Government cost reimbursement, to assist in improving small disadvantaged businesses’ capabilities to perform as subcontractors and suppliers. The DoD Comptroller provided funds to the SADBUD office, which in turn sub-allocated a portion of the funds to military departments and defense agencies.
 - b. The Small Business Innovation Research (SBIR) program: the purpose of SBIR was to fund research and development projects at small technology companies. While the scope of SBIR was DoD-wide, SADBUD itself controlled certain SBIR funds.
7. The Defense Modeling and Simulation Office (DMSO) was a component of DoD. DMSO would order contracts for goods and services through GSA Schedule contracts, described below.

Relevant GSA programs:

8. GSA Schedule Contracts: GSA administered the Federal Supply Schedule Program (FSSP), which allowed federal agencies to purchase common “off the shelf” products from commercial vendors without the usual requirements of competitive bidding. Within the FSSP, there were both Single Award Schedules (SAS) and Multiple Award Schedules (MAS). SAS contracts were made with one supplier for a specific product at a set price, for delivery to a specific geographical area. MAS’s contracts were awarded to multiple companies supplying comparable services and products, at varying prices. All products listed on MAS contracts were negotiated with GSA and were to be offered to federal agencies at "most favored customer" prices.
9. FAST 8(a) Multiple Award Indefinite Delivery Indefinite Quantity (MAIDIQ)
Contracts: FAST 8(a) MAIDIQ contracts were “set asides” contracts for Information Technology (IT) products and services reserved for certain qualifying Small and Disadvantaged Businesses, known as “8(a) companies.” The award of a FAST 8(a) MAIDIQ contract to an 8a company had the potential of being extremely lucrative to that company. FAST 8(a) MAIDIQ contracts were awarded for a five year term, with a maximum “contract ceiling” of \$90,000,000.
10. FAST National Blanket Purchase Agreement (BPA): A FAST National BPA was a GSA contract vehicle for IT products and services, which allowed for the contract holder to enter into “teaming agreements” with other commercial vendors. A FAST National BPA allowed the purchase of a wide range of IT products and services from across all agencies in the federal government. A FAST National BPA also had the potential to be extremely

lucrative for a company which was awarded the BPA, as the BPA had no maximum order limitation.

Relevant Organizations and Companies:

11. **“Companies A-E”** were privately held companies which participated, as contractors, in acquisition preference programs administered by DoD and/or GSA. For example,
 - a. Company A held contracts which included: a) an agreement under a three year, \$1,000,000/year Mentor Protege contract, which contract was incrementally funded each year, awarded by DoD in about July of 1997; b) a National FAST BPA, which was awarded by GSA in about March of 1997; and c) a GSA schedule contract, through which DMSO placed at least eight orders between September 1997 and December 1998, such orders totaling in excess of \$3,000,000.
 - b. Company C held contracts which included: a) an SBIR contract for about \$711,455, which was awarded by DoD in about late 1999 (the contract amount was later increased); b) a GSA Schedule contract for about \$199,758, awarded by DMSO in about June of 2000; and c) a GSA Schedule contract for about \$200,000, awarded by DMSO in about August of 2000.
12. **Northpointe Telecom, Inc.** (“Northpointe”) was a privately held California company in which JONES and the Company B Manager were officers. Northpointe was used to receive and transfer the proceeds of NEAL and JONES’s illegal schemes, as detailed herein.
13. **“Company F”** was a privately held company, which transferred funds to Northpointe Telecom, as detailed herein.

14. **“Company G”** was a sole proprietorship owned by the Program Manager, identified below.
15. **“Company H”** was a privately held company which subcontracted with Company E and was owned by the Program Manager’s relatives.

Relevant individuals:

16. **“The Company A Vice President”** was a representative of Company A.
17. **“The Company B President”** was the President of Company B.
18. **“The Company B Manager”** was a Program Manager of Company B, an officer of Northpointe Telecom, and, at various times, JONES’s girlfriend.
19. **“The Company C President”** was the President of Company C.
20. **“The Company D President”** was the President of Company D.
21. **“The Company F President”** was the President of Company F.
22. **“The Program Manager”** was an employee of various companies which contracted with DoD, including Company E, and, at various times, NEAL’s girlfriend.
23. **“The DoD Associate”** was a friend and associate of JONES and NEAL who worked at DMSO. NEAL and JONES would use the DoD Associate to obtain DMSO contracts for companies favored by NEAL and JONES.

COUNT ONE

(conspiracy)

24. The “introductory allegations” are realleged and incorporated by reference in this Count.
25. From in or about 1996 through in or about 2001, the exact dates being unknown, in the Eastern District of Virginia and elsewhere, the defendants, ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR., together and with others known and unknown who are not charged in this indictment, did knowingly combine, conspire, confederate and agree together and with each other to defraud the United States of its right to conduct the lawful government function of DoD in the operation of its Mentor Protege, SBIR, and DMSO programs, and the GSA in the operation of its FAST and Schedule Contract programs, in a manner free from deceit, corruption, and dishonesty, and of the intangible right of honest services of its employees, and to commit each of the following offenses against the United States:
 - a. extortion, namely, in any way and degree, obstructing, delaying, and affecting commerce and the movement of any article and commodity in commerce, by extortion, in violation of Title 18, United States Code, Section 1951;
 - b. accepting a bribe as a public official, namely, directly and indirectly, corruptly demanding, seeking, receiving, accepting, and agreeing to receive and accept anything of value personally or for any other person or entity, in return for being influenced in the performance any official act, in violation of Title 18, United States Code, Section 201(b)(2);
 - c. accepting a gratuity as a public official, namely, otherwise than as provided by law for the proper discharge of official duty, directly or indirectly, demanding, seeking,

receiving, accepting, and agreeing to receive and accept, anything of value personally for or because of official acts performed or to be performed, in violation of Title 18, United States Code, Section 201(c)(1)(B);

- d. false statements, namely, in a matter within the jurisdiction of the executive branch of the Government of the United States, knowingly and willfully making any materially false statement and representation, and making and using any false writing and document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry, in violation of Title 18, United States Code, Section 1001(a)(2-3);
- e. major fraud against the United States, that is, knowingly executing a scheme with the intent to defraud the United States and to obtain money by means of false and fraudulent pretenses, representations, and promises in any procurement of property or services as a prime contractor with the United States, where the value of the contract is \$1,000,000 or more, in violation of Title 18, United States Code, Section 1031;
- f. wire fraud, that is, having devised and intended to devise a scheme and artifice to defraud and to obtain money or property by means of false and fraudulent pretenses, representations, and promises, transmitting and causing the transmission by means of wire communication in interstate commerce, any writings, and signals for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343;

- g. structuring, that is, for the purpose of avoiding a currency transaction reporting requirement, causing a domestic financial institution to fail to file a report required [under applicable regulations], in violation of Title 31, United States Code, Section 5324(a)(1).

MANNER AND MEANS

26. It was a part of the conspiracy that NEAL and JONES would undertake, and cause to be undertaken, official actions for the benefit of Company A and Company C.
27. It was a part of the conspiracy that NEAL and/or JONES would solicit, demand, and accept things of value from the Company A Vice President, including without limitation at least \$60,000 in cash, a \$100,000 cashiers check payable to Company F, hotel rooms, meals, drinks, entertainment, and paid sexual favors from women.
28. It was a part of the conspiracy that NEAL and/or JONES would solicit, demand, and accept things of value from the Company C President, including without limitation \$10,000 in cash, meals, drinks, entertainment, paid sexual favors from women, and at least \$100,000 in payments to third parties.
29. It was a part of the conspiracy that the conspirators would disguise payments made by the Company A Vice President and the Company C President for the benefit of NEAL and JONES by routing such payments to other companies, which companies the conspirators would use as nominees.
30. It was a part of the conspiracy that JONES would persuade the Company C President to file false documents in support of an application for additional SBIR contract funds.

31. It was a part of the conspiracy that NEAL would execute documents which modified, and increased the amount of, Company C's SBIR contract which documents NEAL knew to contain false and misleading information.
32. It was a part of the conspiracy that the conspirators would embezzle funds refunded by a Sheraton hotel, in connection with a December 1999 SADBUC conference, to Company H, such funds rightly being the property of the United States.
33. It was a part of the conspiracy that the conspirators would cause to be withdrawn, from various financial institutions, cash proceeds of their schemes in increments of less than \$10,000 to avoid reporting requirements.

OVERT ACTS

34. Between in or about 1996 through in or about 2001, within the Eastern District of Virginia and elsewhere, in furtherance of the above-described conspiracy, and in order to carry out the objects thereof, defendants NEAL and JONES, their coconspirators, and others known and unknown to the grand jury, committed the following overt acts, among others:

Schemes to obtain things of value from Company A:

- a. In about March, 1997, in Falls Church, Virginia, JONES signed a National FAST BPA between GSA and Company A.
- b. In or about June and July, 1997, NEAL and JONES accepted hotel rooms, cash, meals, and other expenses from the Company A Vice President in relation to a trip taken by the three of them, and others, to the Evander Holyfield - Mike Tyson championship fight in Las Vegas, Nevada.

- c. On about July 7, 1997, in Arlington, Virginia, NEAL caused to be issued a letter approving Company A's participation in a Mentor Protege contract.
- d. In or about December of 1997, JONES and the DoD Associate accepted travel and other expenses from the Company A Vice President for a trip to Las Vegas, Nevada.
- e. In or about 1997 - 1998, in Washington, D.C., JONES and NEAL accepted sexual favors from women paid by the Company A Vice President, as well as the use of hotel rooms paid by the Company A Vice President.
- f. In or about 1997 - 1998, in Arlington, Virginia, at a meeting attended by NEAL, JONES, the Company A Vice President, and a fourth individual, NEAL accepted cash from the fourth individual, which cash NEAL and JONES understood to have been provided to that individual by the Company A Vice President.
- g. In or about 1997 - 1998, in Arlington, Virginia, JONES accepted cash from the Company A Vice President at an apartment in Crystal City.
- h. In or about 1997 - 1998, NEAL and JONES demanded that the Company A Vice President pay them \$250,000.
- i. In or about 1997 - 1998, JONES told the Company A Vice President that if he did not make a large, lump sum payment for the benefit of NEAL and JONES, NEAL would see to it that Company A's Mentor Protege contract was not extended for an additional option year.

- j. In or about September, 1998, in Arlington, Virginia, NEAL and JONES gave the Company A Vice President instructions as to how make a \$100,000 lump sum payment for their benefit.
- k. In or about September, 1998, NEAL and JONES caused the Company A Vice President to obtain a cashier's check payable to Company F, in Washington, D.C., for \$100,000 by using funds from Company A.
- l. In or about September - October, 1998, NEAL and JONES caused the Company A Vice President to deliver the \$100,000 cashier's check to the Company B President.
- m. In or about October, 1998, the conspirators caused the \$100,000 cashier's check from the Company A Vice President to be deposited into a Company F bank account in California.

Schemes to obtain things of value from Company C:

- n. In or about December, 1999, NEAL executed a Request for Contracted Advisory and Assistance Services, which requested funding for Company C's SBIR contract.
- o. In or about 2000, in Arlington, Virginia, JONES asked the Company C President to provide him \$10,000 in cash.
- p. In or about July, 2000, JONES asked the Company C President for a \$22,000 check made payable to Company D.
- q. In or about August 2000, in Alexandria, Virginia, the conspirators caused to be awarded to Company C a contract for about \$200,000 with DMSO.

- r. In or about December of 2000, in Arlington, Virginia, JONES asked the Company C President for a \$22,000 check made payable to Company G.
- s. In or about December of 2000, NEAL caused the Program Manager to deposit a \$22,000 check from Company C made payable to Company G, in Alexandria, Virginia.
- t. In or about December of 2000, NEAL caused the Program Manager to withdraw proceeds of the \$22,000 check from Company C made payable to Company G, in amounts of less than \$10,000, in Alexandria, Virginia.
- u. In or about September, 2000, JONES asked the Company C President for a \$10,000 check made payable to Company D.
- v. In or about 1999-2000, NEAL and JONES accepted the use of cellular phone service paid for by the Company C President.
- w. In or about January, 2001, in Arlington, Virginia, JONES asked the Company C President to provide Rolex watches for JONES, NEAL, and the Company C President.
- x. In or about January 2001, in McLean, Virginia, JONES presented a Company C check to a jewelry store to purchase three Rolex watches.
- y. In or about February, 2001, in Arlington, Virginia, JONES asked the Company C President for a check for about \$66,700 made payable to Company D.
- z. In or about May 2001, in the U.S. Virgin Islands, JONES paid for sexual favors from a woman by using cash then provided to JONES by the Company C President.

- aa. In or about May, 2001, in the U.S. Virgin Islands, NEAL accepted sexual favors from a woman paid by the Company C President.

Modification of Company C's SBIR contract:

- bb. In or about March of 2000, in Arlington, Virginia, NEAL and JONES caused the Company C President to submit a cost proposal for Company C's SBIR contract for about \$364,945 in additional funding.
- cc. On or about March 12, 2000, in Arlington, Virginia, NEAL executed a Request for Contracted Advisory and Assistance Services, which request approved a \$365,000 contract modification for Company C's SBIR contract.

Embezzlement of Sheraton Hotel refund:

- dd. On or about June 27, 2000, the conspirators caused the Program Manager to deposit a \$33,000 check into her account at Commonwealth One Federal Credit Union (COFCU) in Alexandria, Virginia, and immediately withdraw \$7,500 in cash.
- ee. On or about June 28, 2000, the conspirators caused the Program Manager to withdraw \$9,350 from her COFCU account in Alexandria, Virginia.
- ff. On or about June 30, 2000, the conspirators caused the Program Manager to withdraw \$8,500 from her COFCU account in Alexandria, Virginia.
- gg. On or about July 3, 2000, the conspirators caused the Program Manager to withdraw \$7,500 from her COFCU account in Alexandria, Virginia.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
(Hobbs Act extortion)

THE GRAND JURY FURTHER CHARGES THAT:

35. The “introductory allegations” are realleged and incorporated by reference in this Count.
36. In or about September, 1998, in the Eastern District of Virginia, the defendants, ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR., aided and abetted by each other, did and did attempt to affect interstate commerce and the movement of articles and commodities in interstate commerce by extortion, in that the defendants unlawfully obtained property, to wit, a cashier’s check for \$100,000 made payable to Company F, not due NEAL, JONES, nor their respective offices, from the Company A Vice President, with his consent, induced by wrongful use of actual and threatened fear and under color of official right.

All in violation of Title 18, United States Code, Section 1951 and 2.

COUNT THREE
(Hobbs Act extortion)

THE GRAND JURY FURTHER CHARGES THAT:

37. The “introductory allegations” are realleged and incorporated by reference in this Count.
38. In or about December 2000, in the Eastern District of Virginia, the defendants, ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR., aided and abetted by each other, did and did attempt to affect interstate commerce and the movement of articles and commodities in interstate commerce by extortion, in that the defendants unlawfully obtained property, to wit, a \$22,000 check from Company C payable to Company G, not due NEAL, JONES, nor their respective offices, from the Company C President, with his consent, induced by wrongful use of actual and threatened fear and under color of official right.

All in violation of Title 18, United States Code, Section 1951 and 2.

COUNT FOUR
(Hobbs Act extortion)

THE GRAND JURY FURTHER CHARGES THAT:

39. The “introductory allegations” are realleged and incorporated by reference in this Count.
40. On or about January 8 -17, 2001, in the Eastern District of Virginia, the defendants, ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR., aided and abetted by each other, did and did attempt to affect interstate commerce and the movement of articles and commodities in interstate commerce by extortion, in that the defendants unlawfully obtained property, to wit, two Rolex watches, not due, NEAL, JONES, nor their respective offices, from the Company C President, with his consent, induced by wrongful use of actual and threatened fear and under color of official right.

All in violation of Title 18, United States Code, Section 1951 and 2.

COUNT FIVE
(conspiracy to commit money laundering)

THE GRAND JURY FURTHER CHARGES THAT:

41. The “introductory allegations” and Count one are realleged and incorporated by reference in this Count.
42. From in or about 1998 through in or about 2002, the exact dates being unknown, in the Eastern District of Virginia and elsewhere, the defendants, ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR., together and with others known and unknown who are not charged in this indictment, did knowingly combine, conspire, confederate and agree together and with each other to commit the following offenses:
 - a. laundering of monetary instruments, namely, while knowing that certain property represents the proceeds of some form of unlawful activity, to conduct a financial transaction which in fact involves the proceeds of specified unlawful activity, knowing that the transaction is designed, in whole or in part, to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(i);
 - b. laundering of monetary instruments, namely, to transport, transmit or transfer a monetary instrument or funds from a place inside the United States to or through a place outside the United States, or to a place in the United States from or through a place outside the United States, knowing that the monetary instrument and funds involved in the transportation, transmission, or transfer represents the proceeds of some form of unlawful activity, and knowing that such transportation, transmission, or transfer is designed in whole or in part to conceal and disguise the

- nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(2)(B)(i); and
- c. engaging in monetary transactions in property derived from specified unlawful activity, namely, to knowingly engage in a monetary transaction in criminally derived property of a value greater than \$10,000 and derived from specified unlawful activity, in violation of 18 U.S.C. § 1957.
43. The specified unlawful activity of the foregoing money laundering offenses was one or more of the following: extortion (18 U.S.C. § 1951) , bribery (18 U.S.C. § 201 (b)(2), illegal gratuities 201(c)(1)(B); mail fraud (18 U.S.C. § 1341), and wire fraud (18 U.S.C. § 1343).

MANNER AND MEANS

The purpose of the conspiracy was to conceal and disguise the nature, location, source, ownership, and control of proceeds of specified unlawful activity (“SUA proceeds”), and to spend and transfer these proceeds for the benefit of the conspirators. The conspirators used a complex maze of companies, bank accounts, and transactions to accomplish the objectives of the conspiracy. The coconspirators carried out the conspiracy in a manner and means which included those set out below:

Use of Northpointe Telecom:

44. It was a part of the conspiracy that the conspirators utilized Northpointe as the primary hub of the conspirators’ money laundering activity. Though Northpointe was supposedly a contracting company, Northpointe held no legitimate contracts. The primary use of Northpointe was to hold and transfer NEAL and JONES’s SUA proceeds.

Use of the Northpointe Telecom bank account at Nations Bank:

45. It was a part of the conspiracy that the conspirators established a bank account for Northpointe at Nations Bank (“the Northpointe account”) in Washington, D.C. JONES and the Company B Manager maintained signature authority over this account.
46. It was a part of the conspiracy that the Northpointe account was used by the conspirators for a number of separate objectives:
 - a. to serve as a repository for at least \$800,000 in SUA proceeds.
 - b. to serve as a launching point for further money laundering, including the transfer and withdrawal of SUA proceeds in excess of \$10,000, and the transfer of funds to offshore bank accounts located in Liechtenstein.
 - c. to serve as a “slush fund” from which large amounts of personal expenditures would be made for the benefit of NEAL, JONES, and their coconspirators. The following were among the items paid, for the benefit of JONES and NEAL, out of the Northpointe account: large amounts of cash, credit card expenses for JONES, JONES’s wife, and NEAL, a real estate timeshare held by JONES and a woman who was not his wife, the installation of a fence at JONES’s home, luxury cruises taken by JONES and the Company B Manager, and other travel by NEAL and the Program Manager.

Use of Company F:

47. It was a part of the conspiracy that the conspirators would utilize Company F to pass SUA proceeds from Companies A and B to the Northpointe account. Substantially all of the funds deposited into the Northpointe account during the duration of the conspiracy passed through bank accounts held by Company F. In this manner, Company F acted as a nominee, receiving at least \$800,000 in SUA proceeds which the conspirators then caused to be forwarded to the Northpointe account.
48. It was a part of the conspiracy that the conspirators would cause to be made false entries in the books of Company F to attempt to conceal and mischaracterize the nature of the payments Company F received and forwarded to the Northpointe account.

Use of Company G:

49. It was a part of the conspiracy that the conspirators would utilize the Program Manager to deposit SUA proceeds from Company C.

Use of offshore bank accounts.

50. It was a part of the conspiracy that the conspirators would utilize offshore bank accounts located in Liechtenstein, to launder SUA proceeds.
51. Transfers to the Liechtenstein accounts came from various sources. Northpointe, Company F, and Company C all issued checks which were deposited in Liechtenstein.
52. It was a part of the conspiracy that the conspirators would also “repatriate” funds they had deposited in Liechtenstein. That is, the conspirators would bring back to the United States funds they had transferred to Liechtenstein, by transferring these funds to an account at a U.S. bank held by International Technology, Inc., (ITI), a company in which JONES had a financial interest.

OVERT ACTS

53. Between in or about 1998 through in or about 2002, within the Eastern District of Virginia and elsewhere, in furtherance of the above-described conspiracy, and in order to carry out the objects thereof, defendants NEAL and JONES, their coconspirators, and others known and unknown to the grand jury, committed the following overt acts, among others:

Transfer of proceeds from Company A to Company F:

- a. In or about September, 1998, in Arlington, Virginia, NEAL and JONES told the Company A Vice President to pay \$100,000, by cashiers check, to Company F.
- b. In or about October, 1998, in California, the conspirators caused the \$100,000 cashier's check to be deposited into a Company F bank account in California.

Establishment of the Northpointe account at Nations Bank:

- c. On or about December 1, 1998, in Washington, D.C., the conspirators opened the Northpointe account.

Transfer of Company A proceeds from Company F to Northpointe:

- d. On or about January 28, 1999, the conspirators caused a wire transfer of about \$51,286.53 from Company F to the Northpointe account.
- e. On or about January 28, 1999, the conspirators caused the wire transfer of about \$50,000 from Company F to the Northpointe account.

Transfer of Company B proceeds from Company F to Northpointe:

- f. On or about March 3, 1999, the Company B Manager, on behalf of Company F,

issued a Company F check payable to Northpointe in the amount of \$200,000, for “service fees.”

- g. On or about April 15, 1999, the conspirators caused a check from Company F in the amount of \$210,000 to be deposited into the Northpointe account.
- h. On or about May 19, 1999, the conspirators caused a check from Company F in the amount of \$25,000 to be deposited into the Northpointe account.
- i. On or about October 1, 1999, the conspirators caused a check from Company F in the amount of \$65,000 for “contract service” to be deposited into the Northpointe account.
- j. On or about November 24, 1999, the conspirators caused a check from Company F in the amount of \$63,683.10 for “contract service” to be deposited into the Northpointe account.

Transfer of funds from Company B to Northpointe:

- k. In or about February, 1999, the conspirators caused a Company B check to be issued to Northpointe for \$25,000.

Expenditure of funds from the Northpointe account:

- l. On or about December 17, 1998, the Company B Manager withdrew \$25,000 in cash from the Northpointe account by means of a counter debit.
- m. On or about March 9, 1999, JONES withdrew \$13,000 in cash from the Northpointe account by means of a counter debit.

- n. On or about May 27, 1999, the conspirators caused to be issued a check for \$107,101 from the Northpointe account, payable to American Express Financial Advisors.
- o. On or about January 24, 2000, the conspirators caused to be issued a check for \$10,190 from the Northpointe account payable to an American Express Financial Advisors.
- p. On or about June 14, 2000, in Arlington, Virginia, the conspirators caused to be deposited into an account for Company D a \$66,000 check from the Northpointe account.
- q. On or about September 25, 2000, the conspirators caused to be issued a check for \$70,000 from the Northpointe account payable to American Express Financial Advisors.
- r. On or about September 29, 2000, the conspirators caused to be issued a check for \$15,000 from the Northpointe account payable to JONES's account at E*Trade Security, Inc.
- s. On or about November 20, 2000, in Arlington, Virginia, the conspirators caused to be deposited into an account for Company D a \$133,300 check from the Northpointe account.
- t. On or about June 7, 2001, JONES withdrew \$97,562.37 from the Northpointe account by means of a counter debit, and purchased a cashier's check.

Laundering of proceeds from Company C:

- u. In or about December, 2000, NEAL caused the Program Manager, in Alexandria, Virginia, to deposit a \$22,000 Company C check to Company G.
- v. On or about September 15, 2000, the conspirators caused Company D to issue a check to a Washington law firm for \$13,000.
- w. On or about February 28, 2001, in Alexandria, Virginia, the conspirators caused the deposit of a \$66,700 Company C check to Company D.

Transfers to offshore bank accounts in Liechtenstein:

- x. In or about May, 1999, the conspirators caused the deposit of a Northpointe check for \$9,250 payable to "S.K. Treuhand" into in a bank account in Liechtenstein.
- y. In or about November, 1999, JONES caused the deposit of a Northpointe check for \$50,000 payable to "Techforum establishment" into a bank account in Liechtenstein.
- z. In or about August, 2000, in Arlington, Virginia, JONES caused the Company C President to issue a check made payable to ROCCO Enterprises for \$53,226.
- aa. In or about June, 2000, the conspirators caused a Company F check to "Techforum Establishment" for \$27,000 to be deposited into a bank account in Liechtenstein.

Repatriation of funds from bank accounts in Liechtenstein:

- bb. In or about 2001, NEAL and JONES wrote a letter to an individual requesting a "loan" for about \$100,000, with proceeds of the loan to be paid to China Bank account no. 37600443.

cc. In or about 2001, NEAL and JONES caused about \$99,975 to be sent from an account in Liechtenstein for “ROCCO Enterprises” to an ITI account, no. 37600443, at China Trust Bank in the United States.

All in violation of Title 18, United States Code, Section 1956(h).

COUNT SIX
(money laundering)

THE GRAND JURY FURTHER CHARGES THAT:

54. In or about August, 2002, in the Eastern Districts of Virginia, the defendants, ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR., aided and abetted by each other, did knowingly transport, transmit, and transfer and attempt to transport, transmit, and transfer a monetary instrument, that is a company C check for \$53,226, from a place in the United States, that is, Arlington, Virginia, to a place outside the United States, that is, Liechtenstein, knowing that the monetary instrument involved in the transportation, transmission, and transfer represented the proceeds of some form of unlawful activity and knowing that such transportation, transmission, and transfer was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, to wit, wire fraud.

All in violation of Title 18, United States Code, Section 1956(a)(2)(B)(i) and 2.

COUNT SEVEN
(false statements)

THE GRAND JURY FURTHER CHARGES THAT:

55. The “introductory allegations” and Count One, except paragraph 25, are realleged and incorporated here in.
56. By virtue of his official position as the Director of SADBUD, NEAL was required to complete a financial disclosure form, known as FORM 278, Executive Branch Financial Disclosure Report, for each year in which he held this position. The Form required NEAL to certify as follows “I certify that the statements I have made on this form and all attached schedules are true, complete, and correct to the best of my knowledge.”
57. On or about May 13, 1998, in the Eastern District of Virginia, in a matter within the jurisdiction of the executive branch of the Government of the United States the defendant, ROBERT LEE NEAL, JR., did knowingly and willfully a) falsify, conceal, and cover up by any trick, scheme, and device, a material fact; b) make any materially false fictitious and fraudulent statement and representation; c) make and use any false writing and document knowing the same to contain any materially false, fictitious, and fraudulent statement and entry, to wit, NEAL signed and filed a FORM 278, Executive Branch Financial Disclosure Report for calendar year 1997, which, as NEAL well knew, was false and misleading in one or more of the following respects:
 - a. Whereas NEAL had certified that his Form was “complete,” NEAL failed to disclose the amount and source of cash provided to him by the Company A Vice

President, directly or indirectly, as “income” within Schedule A, such cash being in excess of \$200;

- b. Whereas NEAL had certified that his Form was “complete,” NEAL checked the box marked “none,” within Schedule B, Part II, in response to that portion of the Form requiring his disclosure of “gifts, reimbursements, and travel expenses” over a certain value, while in fact, NEAL had received, directly or indirectly, lodging, food and entertainment expenses in excess of \$250 from the Company A Vice President.

58. More than one means were involved in the commission of the offense.

All in violation of Title 18, United States Code, Section 1001(a)(1-3).

COUNT EIGHT
(false statements)

THE GRAND JURY FURTHER CHARGES THAT:

59. The “introductory allegations” and Count One, except paragraph 25, are realleged and incorporated here in.
60. By virtue of his official position as the Director of SADBUD, NEAL was required to complete a financial disclosure form, known as FORM 278, Executive Branch Financial Disclosure Report, for each year in which he held this position. The Form required NEAL to certify as follows “I certify that the statements I have made on this form and all attached schedules are true, complete, and correct to the best of my knowledge.”
61. On or about April 2, 1999, in the Eastern District of Virginia, in a matter within the jurisdiction of the executive branch of the Government of the United States the defendant, ROBERT LEE NEAL, JR., did knowingly and willfully a) falsify, conceal, and cover up by any trick, scheme, and device, a material fact; b) make any materially false, fictitious and fraudulent statement or representation; c) make and use any false writing and document knowing the same to contain any materially false, fictitious, and fraudulent statement and entry, to wit, NEAL signed and filed a FORM 278, Executive Branch Financial Disclosure Report for calendar year 1998, which, as NEAL well knew, was false and misleading in that, whereas NEAL had certified that his Form was “complete,” NEAL failed to disclose the amount and source of cash provided to him by the Company A Vice President, directly or indirectly, as “income” within Schedule A, such cash being in excess of \$200.

62. More than one means were involved in the commission of the offense.

All in violation of Title 18, United States Code, Section 1001(a)(1-3).

COUNT NINE
(false statements)

THE GRAND JURY FURTHER CHARGES THAT:

63. The “introductory allegations” and Count One, except paragraph 25, are realleged and incorporated here in.
64. By virtue of his official position as the Special Assistant to the Director of SADB, JONES was required to complete a financial disclosure form, known as FORM 278, Executive Branch Financial Disclosure Report, for each year in which he held this position. The Form required JONES to certify as follows “I certify that the statements I have made on this form and all attached schedules are true, complete, and correct to the best of my knowledge.”
65. On or about January 15, 1999, in the Eastern District of Virginia, in a matter within the jurisdiction of the executive branch of the Government of the United States the defendant, FRANCIS DELANO JONES, JR., did knowingly and willfully a) falsify, conceal, and cover up by any trick, scheme, and device, a material fact; b) make any materially false fictitious and fraudulent statement and representation; c) make and use any false writing and document knowing the same to contain any materially false, fictitious, and fraudulent statement and entry, to wit, JONES signed and filed a FORM 278, Executive Branch Financial Disclosure Report for calendar year 1998, which as JONES well knew, was false and misleading in one or more of the following respects:
 - a. Whereas JONES had certified that his Form was “complete,” JONES failed to disclose the amount and source of cash provided to him by the Company A Vice

President, directly or indirectly, as “income” within Schedule A, such cash being in excess of \$200;

- b. JONES checked the box marked “none,” when asked to disclose “positions held outside U.S. Government,” within Schedule D, Part I, whereas, as JONES well knew, JONES held a position at Northpointe Telecom.

66. More than one means were involved in the commission of the offense.

All in violation of Title 18, United States Code, Section 1001(a)(1-3).

COUNT TEN
(false statements)

THE GRAND JURY FURTHER CHARGES THAT:

67. The “introductory allegations” and Count One, except paragraph 25, are realleged and incorporated here in.
68. By virtue of his official position as the Director of SADBUD, NEAL was required to complete a financial disclosure form, known as FORM 278, Executive Branch Financial Disclosure Report, for each year in which he held this position. The Form required NEAL to certify as follows “I certify that the statements I have made on this form and all attached schedules are true, complete, and correct to the best of my knowledge.”
69. On or about May 17, 2001, in the Eastern District of Virginia, in a matter within the jurisdiction of the executive branch of the Government of the United States the defendant, ROBERT LEE NEAL, JR., did knowingly and willfully a) falsify, conceal, and cover up by any trick, scheme, and device, a material fact; b) make any materially false fictitious and fraudulent statement and representation; c) make and use any false writing and document knowing the same to contain any materially false, fictitious, and fraudulent statement and entry, to wit, NEAL signed and filed a FORM 278, Executive Branch Financial Disclosure Report for calendar year 2000, which as NEAL well knew, was false and misleading in one or more of the following respects:
 - a. Whereas NEAL had certified that his Form was “complete,” NEAL failed to disclose the amount and source of cash provided to him as proceeds from the

Sheraton Hotel refund, such cash being in excess of \$200, as “income” within Schedule A;

- b. Whereas NEAL had certified that his Form was “complete,” NEAL failed to disclose the amount and source of cash provided to him, directly or indirectly, by the Company C President, including cash provided to him by the Program Manager, following the deposit of the Company C check for \$22,000 in December of 2000, such cash being in excess of \$200, as “income” within Schedule A.

70. More than one means were involved in the commission of the offense.

All in violation of Title 18, United States Code, Section 1001(a)(1-3).

COUNT ELEVEN
(false statements)

THE GRAND JURY FURTHER CHARGES THAT:

71. The “introductory allegations” and Count One, except paragraph 25, are realleged and incorporated here in.
72. By virtue of his official position as the Special Assistant to the Director of SADB, JONES was required to complete a financial disclosure form, known as FORM 278, Executive Branch Financial Disclosure Report, for each year in which he held this position. The Form required JONES to certify as follows “I certify that the statements I have made on this form and all attached schedules are true, complete, and correct to the best of my knowledge.”
73. On or about March 22, 2001, in the Eastern District of Virginia, in a matter within the jurisdiction of the executive branch of the Government of the United States the defendant, FRANCIS DELANO JONES, JR., did knowingly and willfully a) falsify, conceal, and cover up by any trick, scheme, and device, a material fact; b) make any materially false fictitious and fraudulent statement and representation; c) make and use any false writing and document knowing the same to contain any materially false, fictitious, and fraudulent statement and entry, to wit, JONES signed and filed a FORM 278, Executive Branch Financial Disclosure Report for calendar year 2000, which, as JONES well knew, was false and misleading in one or more of the following respects:
 - a. Whereas JONES had certified that his Form was “complete,” JONES failed to disclose the amount and source of cash provided to him as proceeds from the

Sheraton Hotel refund, such cash being in excess of \$200, as “income” within Schedule A;

- b. Whereas JONES had certified that his Form was “complete,” JONES failed to disclose the amount and source of cash provided to him, directly or indirectly, by the Company C President, including cash provided to him by NEAL following the deposit of the Company C check for \$22,000 in December of 2000, such cash being in excess of \$200, as “income” within Schedule A;
- c. JONES checked the box marked “none,” when asked to disclose “positions held outside U.S. Government,” within Schedule D, Part I, whereas, as JONES well knew, JONES held a position at Northpointe Telecom.

74. More than one means were involved in the commission of the offense.

All in violation of Title 18, United States Code, Section 1001(a)(1-3).

COUNT TWELVE
(conspiracy to obstruct justice)

THE GRAND JURY FURTHER CHARGES THAT:

75. From in or about August, 2000 through in or about October, 2002, the exact dates being unknown, in the Eastern District of Virginia and elsewhere, the defendants, ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR., together and with others known and unknown who are not charged in this indictment, did knowingly combine, conspire, confederate and agree together and with each other to commit each of the following offenses against the United States:
- a. obstruction of justice, that is corruptly influencing, obstructing, and impeding the due administration of justice, in violation of Title 18, United States Code, Section 1503;
 - b. false statements, that is, in a matter within the jurisdiction of the executive branch of the Government of the United States, knowingly and willfully, 1) falsifying, concealing, and covering up by trick and device a material fact; 2) making any materially false, fictitious, or fraudulent statement or representation; and 3) making or using any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry, in violation of Title 18, United States Code, Section 1001(a)(1-3); and
 - c. witness tampering, that is, corruptly persuading another person, or engaging in misleading conduct toward another person, with intent to 1) influence, delay, and prevent the testimony of any person in an official proceeding; 2) cause or induce any person to withhold testimony, or withhold a record, document, or other object

from an official proceeding; 3) hinder, delay, or prevent the communication to a law enforcement officer of the United States of information relating to the commission or possible commission of a Federal offense; in violation of Title 18, United States Code, Section 1512(b)(1-3).

MANNER AND MEANS

76. It was a part of the conspiracy that the conspirators would obstruct federal investigations of NEAL, JONES and their coconspirators, which investigations were being conducted by the Defense Criminal Investigative Service, the Federal Bureau of Investigation, and a federal grand jury in Alexandria, Virginia
77. It was a part of the conspiracy that the conspirators would communicate with each other about the nature and direction of the government's investigation into their illicit activity.
78. It was a part of the conspiracy that conspirators would contact likely witnesses in the government's investigation. The conspirators would alert these witnesses to the investigation and would seek to persuade the witnesses to pass along false stories to investigators, and withhold and fabricate documents and records.
79. It was a part of the conspiracy that the conspirators would supply false and misleading information to federal investigators.

OVERT ACTS

80. Between in or about August, 2000 and October, 2002 within the Eastern District of Virginia and elsewhere, in furtherance of the above-described conspiracy, and in order to carry out the objects thereof, defendants NEAL and JONES, their coconspirators, and others known and unknown to the grand jury, committed the following overt acts, among

others:

The conspirators provide false information to federal investigators:

- a. In about October, 2001, in Arlington, Virginia, NEAL was interviewed by federal law enforcement agents and provided false and misleading information.
- b. In or about November, 2001, in Rockville, Maryland, JONES was interviewed by federal law enforcement agents and provided false and misleading information.

NEAL and JONES communicate with the Company B President and the Company B Manager:

- c. In or about early 2002, the Company B Manager, the Company B President, and JONES met in the Washington area and discussed developments in the investigation.
- d. In or about 2002, the Company B President revealed to other coconspirators the contents of a grand jury subpoena issued to Company B.
- e. In or about 2002, NEAL obtained from a coconspirator copies of correspondence between a federal prosecutor and the attorney for the Company B Manager, which correspondence listed, in part, detailed information sought by the grand jury from Northpointe.

NEAL's contact with the Program Manager:

- f. In or about January - February, 2002, NEAL suggested to the Program Manager that she manufacture false documents with respect to Company G.
- g. In or about February, 2002, NEAL encouraged the Program Manager not to produce documents to federal law enforcement agents.

NEAL's communication with the Company D President:

- h. In about 2002, NEAL contacted the Company D President to speak with him before the Company D President spoke to federal law enforcement agents.
- i. In about 2002, NEAL communicated with the Company D President regarding the content of a grand jury subpoena which had been served upon Company D.

JONES's communication with an employee of Company C:

- j. On or about January, 2002, JONES asked an employee of Company C to provide him with information regarding certain Company C payments JONES believed were a focus of the government's investigation.
- k. On or about January, 2002, JONES caused the Company C employee to send an email to him which stated "Hey, here's the information you need: Amount \$66,700 Payee: [Company D] Date: 2/27/01 and Amount: \$22,000 Payee: [Company G] Date: 12/5/00."

NEAL and JONES's communication with the Company C President:

- l. In or about January - February, 2002, NEAL and JONES met with the Company C President at a McDonald's restaurant in the District of Columbia, and JONES showed him a copy of a grand jury subpoena, along with attachments to that subpoena which referenced, in part, Company C.
- m. In or about January - February, 2002, JONES, in the presence of NEAL, told the Company C President what false explanations he should provide to federal law enforcement agents if asked about a certain payments the Company C President had made at the request of JONES.

Creation of a false “loan” document:

- n. In or about 2002, the conspirators caused to be compiled a list of payments NEAL had received from JONES, with the notation at the top of this list reading “need loan agreements w/JONES.”
- o. In or about 2002, the conspirators caused to be created an unsigned, false, and backdated “Balloon payment promissory note” which purported to document a “loan” from JONES to NEAL of about \$25,000.

All in violation of Title 18, United States Code, Section 371.

Forfeiture

If convicted of Counts 5 or 6 in the Indictment, defendants ROBERT LEE NEAL, JR. and FRANCIS DELANO JONES, JR, shall forfeit to the United States any property, real or personal, involved in the offense, or any property traceable to such property.

This includes, but is not limited to a) \$53,226, with respect to Count 5; for which the defendants shall be jointly and severally liable; and b) \$1,000,000 with respect to Count 5, for which the defendants shall be jointly and severally liable, and which specifically includes \$99,975 held by International Technology Inc in its bank account no. 37600443, at China Trust Bank. (Pursuant to Title 18, United States Code, Section 982(a)(1).)

A TRUE BILL:

FOREPERSON
Alexandria, Virginia
Date: _____

PAUL J. MCNULTY
UNITED STATES ATTORNEY

JUSTIN W. WILLIAMS
Assistant United States Attorney
Chief, Criminal Division

Matthew W. Friedrich
Assistant United States Attorney